

MINUTES
HOUSE STATE AFFAIRS COMMITTEE

DATE: Wednesday, March 10, 2021

TIME: 9:00 A.M.

PLACE: Room EW40

MEMBERS: Chairman Crane, Vice Chairman Armstrong, Representatives Palmer, Barbieri, Holtzclaw, Monks, Scott, Andrus, Young, Furniss, Hanks, Skaug (Andrew), Gannon, Mathias

**ABSENT/
EXCUSED:** None

GUESTS: Casey Baker, Margie Baker, Monica McKinley

Chairman Crane called the meeting to order at 9:00 a.m.

MOTION: **Rep. Mathias** made a motion to approve the minutes of the February 23, 2021 and February 24, 2021. **Motion carried by voice vote.**

H 72: **Rep. Holtzclaw** presented **H 72** which would allow Idaho's continued participation in the lottery's Powerball game as it expands to Australia and the United Kingdom. Currently, Idaho Code allows only for participation in multi-jurisdictional games offered in the United States and Canada. The Idaho Lottery is a member of the Multi-State Lottery Association and has an agreement to participate in the multi-state games Powerball, Mega Millions, Lucky for Life, Lotto America, as well as others that may be developed from time to time. Forty-five states, two territories, and the District of Colombia also participate.

In response to committee questions, **Rep. Holtzclaw** said it is a straight forward bill that is imperative to continue playing the Powerball game which generates \$14 million for Idaho schools. Basic changes are on line thirteen, changing shall to may and page two where lines five and six now read 'government-operated or government-sanctioned lottery.'

Jeff Anderson, Director of Idaho Lottery, stood for questions. Mr. Anderson said Powerball began in early 1990 and Idaho was one of the original 13 states to participate. He said bigger jackpots come from more people playing the game. It does not matter where the winner lives, they can collect their prize as a 30-year annuity payment or collect a smaller lump sum payment. Mr. Anderson said federal taxes are 25% and Idaho State tax collected is just under 7%. Prize money is paid out in the currency of the winner's country.

Powerball is not currently being played in the UK. Australia has its own smaller game called Powerball but is not affiliated with the Multi-State Lottery Association's Powerball game. The Association licenses the game to lotteries in other states and countries. If the Powerball brand is not being used in a particular country, there is no copyright of the name. International participation will help protect the trademark. Prize money is paid out in the country's currency where the prize is won. The Lottery in the winning country settles up with the Multi-state Lottery Association in US dollars. The exchange rate would be that of the current day. Mr. Anderson said every member of the Association contributes to the Jackpot with 30% going to the jackpot pool. The money is held in trust until a winner is determined. The odds of winning the jackpot are 1 in 292 million. It is the same everywhere. The odds have changed since the inception of the game in 1990 but the odds of winning a prize have not. At this point, the odds of winning the Powerball game are the same, all the time, on every ticket because they are based on possible number combinations.

Approximately one half million dollars are spent to advertise Powerball. Retailers make 5% commission and there is 1% set aside for a bonus pool, for the store selling the winning ticket. Contribution to gross profits vary from game to game. Powerball and Mega Millions are the highest profit games.

Total prize expense is 50% percent on Powerball and as high as 70% on scratch games. The odds of winning are better on the scratch games. No money goes out of state for the Powerball game. Idaho contributes to the jackpot pool through the Multi-state Lottery Association. All members contribute to the jackpot pool and all other prizes are the responsibility of the Idaho Lottery. There is a \$20,000 administrative fee paid to the Association by each member. Mr. Anderson stated the Multi-State Lottery Association will only work with countries who have similar legal systems, based on English law. There is a list of participating jurisdictions on their website. Concern was expressed about the Lottery Association expanding to China or Russia. The drawing takes place on designated nights at a specified time. Mr. Anderson said rather than targeting countries not to include, he would prefer to include Canada, Australia and the United Kingdom in the bill.

In regard to changing the word from shall to may on line 13, shall means the lottery commission would have to do what the Director says. The new language means they may or may not accept recommendations of the Director and staff when making decisions. The changes proposed should not preclude any legislative oversight. The Commission may accept recommendation from the commission and staff.

Linda Fioravanti, JBS Society in Bonners Ferry, and **Wayne Hoffman**, Idaho Freedom Foundation, testified **in opposition to H 72**. Ms. Fioravanti said approving this legislation is opening Pandora's box. This would bring in more nefarious characters from other countries to the United States. Mr. Hoffman said government officials should take the Hippocratic Oath, like doctors, and do no harm. Harm is brought by gambling. He stated multiple studies show the most vulnerable participate in the lottery. We are giving a false sense of hope. People are better off investing in other things.

Susie Budge, Idaho Petroleum Association and Idaho Retailers Association, testified **in support of H 72**. Convenience stores sell a tremendous number of products and the lottery helps increase sales and the overall economy, especially in rural areas. Over 800 Convenience stores through Idaho have worked with the lottery for several years and have strong relationships.

In closing, **Rep. Holtzclaw** said **H 72** is not about whether or not you like the lottery. This bill allows people the ability to continue to play Powerball. He is doing this for the schools and the money they receive as a beneficiary.

During committee discussion, concern about this bill was expressed. One committee member was not persuaded that the lottery hurts poor people or grows our government and stated it is good for big and small businesses, as well as our schools. The big concern was about turning over our sovereignty and worrying the Lottery Association could be persuaded to do business with countries with whom we are not friendly.

MOTION: **Rep. Mathias** made motion to send **H 72** to General Orders.

During discussion, there was a concern expressed about the odds of winning the jackpot decreasing with the addition of other countries and while Idaho schools would lose \$14 Million, JFAC could make up for the deficit, this year. It was suggested poor neighborhoods sell the most lottery tickets and give false hope to the poor. It was stated that the lottery seems to be more for retailers, advertisers, media, etc. than anyone else.

SUBSTITUTE MOTION: **Rep. Skaug** made a substitute motion to **HOLD H 72** in Committee.

During continued discussion, it was clarified Powerball will end if **H 72** is held in committee. It was noted Idaho has not had a Powerball winner in the past 10 years. A committee member said it does not take a mathematician to realize that the chances of winning are going decrease. In the UK, The National Lottery website says 53% of money goes to the prize fund and 25% goes to good causes. It was noted they could be causes with which Idaho does not agree. It is not Idaho's responsibility to protect the trademark of Powerball. The net loss to the state would be approximately \$14 million if Powerball is not allowed to continue. It was expressed \$14 million cut is a significant amount money and it would be good to share that vote on the floor rather than having a small number of people decide, in committee.

**VOTE ON
SUBSTITUTE
MOTION:**

Rep. Scott requested a roll call vote on the substitute motion **H 72.. Motion carried by a vote of 10 Aye and 4 Nay. Voting in favor** of the substitute motion were **Reps. Crane, Armstrong, Palmer, Barbieri, Monks, Scott, Andrus, Young, Hanks, Skaug. Voting in opposition** of the substitute motion were **Reps. Holtzclaw, Furniss, Gannon, Mathias.**

**UNANIMOUS
CONSENT
REQUEST:**

Chairman Crane requested unanimous consent to bring forward **RS 28804**. There being no objections, consent was granted.

RS 28804:

Rep. Ehardt presented **RS 28804**. Strictly dealing with recall elections. **Rep. Ehardt** said this year many have experienced school boards recall elections. As it stands if a board member is recalled, the rest of the board decides who replaces that board member. Oftentimes, the other board members are part of the reason a person has been recalled. This causes angst in the community. If the recall happens within 90 days of an upcoming election, no one will be appointed. There will be no incumbent for the position. Citizens will vote to fill that position by a trustee election. If farther out than 90 days, an appointed with a "temporary status" would be made by the board. At the next possible election, that individual would have an appointed designation by their name and would be required to run for that position. Voters should make the decision about who sits on the school board. If a large number of members are recalled and the board would not be able to function, County Commissioners would appoint members until the next election.

MOTION:

Rep. Scott made a motion to introduce **RS 28804. Motion carried by voice vote.**

RS 28536C1:

Rep. Dixon presented **RS 28536C1** which provides a method for the state of Idaho to interpose between its citizens and federal actions that are outside of federal authority. If a representative or senator has complaints against a federal action, it would be submitted to the Speaker of the House and Pro Tem of the Senate. Within 15 days of the Committee on Federalism receiving a complaint, the committee would gather in person or electronically during the interim, to determine if the committee agrees there is a legitimate complaint. If there is, the committee would hold public hearings within 30 days. At that time, it would suspend enforcement of the federal action in Idaho. If the federal government's action is seen as egregious or outside the scope of the federal government, the Committee on Federalism could bring forth legislation to the entire bodies of the House and Senate. A concurrent resolution may be drafted, not needing the Governor's signature or a full piece of legislation may be put forth which would require the Governor's signature.

In response to questions, **Rep. Dixon** clarified a complaint would be sent to the Speaker of the House and the Pro Tempore of the Senate. If the complaint is received during the interim, the Committee on Federalism would need to wait to address the issue until the legislature is back in session or could meet electronically.

RS 28759: **Rep. Nichols** presented **RS 28759**. This proposed legislation protects against wrongful censorship by social media websites; providing definitions; providing that the owner or operator of a social media website is subject to a private right of action by certain social media users in this state under certain conditions; providing for damages; authorizing the award of reasonable attorney fees and costs; providing exceptions for the deletion or censorship of certain types of speech. Rep Nichols said that big tech censorship has become a serious concern and legislation is the best solution to address the problem. This legislation would allow for the damages to be pursued and awarded by the court of law. Censors need to know deceptive practices will not be tolerated. Concrete examples of censorship will be brought before the committee during the hearing, if granted.

In response to questions, **Rep. Nichols** clarified platforms will be allowed to be utilized by but they cannot act as publishers. This is addressed in Section 230 of the Communications Decency Act. For example, this legislation would address the undue influence companies have through Facebook.

MOTION: **Rep. Barbieri** made a motion to introduce **RS 28759**. **Motion carried by voice vote**

Chairman Crane invited **Rep. Hanks** to present **H 281** and **RS 28802** relating to the prohibition of mask mandates. He noted she is hopeful the committee would hold **H 218** and Introduce **RS 28802** and send it to the second reading calendar. Given the short amount of time left in the meeting, Rep. Hanks requested to hear the two pieces of legislation on another day in order to hear as much testimony as possible. Chairman Crane said 31 people are on the list to testify and said he will give preference to those who sign up to testify on Monday and are also on today's list.

MOTION: **Rep. Barbieri** made a motion to **Hold H 281 and RS 28802** until Monday, March 15, 2021. **Motion carried by voice vote.**

ADJOURN: There being no further business to come before the committee, the meeting adjourned at 10:08 a.m.

Representative Crane
Chair

Kelly Staskey
Secretary